Santa Clara Valley Water District

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November 29, 2001

Ms. Alisha Sterud U.S. Bureau of Reclamation MP-400 2800 Cottage Way Sacramento, CA 95825



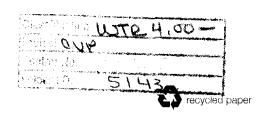
SUBJECT: Comments on the Central Valley Project Draft M&I Water Shortage Policy

Dear Ms. Sterud:

The following comments are submitted on behalf of the Santa Clara Valley Water District ("SCVWD" or "District") regarding the Central Valley Project ("CVP") Draft M&I Water Shortage Policy ("Draft Policy"), noticed in the Federal Register on October 30, 2001. See Fed. Reg. Vol. 66, No. 210, pgs. 54780-54781 and www.mp.usbr.gov/cvpia/3404c/mi_shortage.html.

The most recent 1987-1992 drought highlighted the need for a clear, consistent policy on the reliability of CVP M&I supplies. In 1992, Central Valley Project Improvement Act highlighted the goal of achieving "a reasonable balance among competing demands for the use of Central Valley Project water, including the requirements of fish and wildlife, agricultural, municipal and industrial and power contractors." We think that the Draft Policy substantially contributes to that goal of achieving a reasonable balance, and provides the clear, consistent policy needed by CVP contractors.

SCVWD is one of the largest urban water suppliers in California. The District is responsible for providing a safe and reliable wholesale supply of water to 1.8 million residents of Santa Clara County, and to the high-tech economy known as "Silicon Valley". The District is also responsible for managing the groundwater basin to prevent the return of historic groundwater overdraft, land surface subsidence and saltwater intrusion. The CVP is the District's largest source of imported water, providing on average about 35% of the County's water needs. During dry years, when local supplies are limited, CVP water becomes critically important to maintaining the health, welfare and environmental resources of Santa Clara County. SCVWD aggressively implements water conservation consistent with best management practices, and the resulting "hardening of demand" also increases the importance of CVP water in dry years.



Like other CVP M&I contractors, SCVWD must meet not only current year M&I water needs in its service area, but invest in infrastructure to meet needs 20 or 30 years into the future. SCVWD is implementing an Integrated Water Resources Plan that includes additional conservation and recycling, water transfers and groundwater banking. The importance of the Draft Policy in providing a stable base upon which to make these water supply investments cannot be understated. CVP M&I contractors must be assured that the water supply investments paid for by their ratepayers will not result in corresponding erosion of the reliability of CVP supplies.

With respect to potential impacts of the Draft Policy on Irrigation water service contractors, SCVWD proactively addressed this issue by entering into a Water Reallocation Agreement with the Bureau of Reclamation and the San Luis & Delta-Mendota Water Authority (SL&DMWA) in 1997. Under this Agreement, SCVWD committed to optimize its operations in a way that allows reallocations of CVP supplies in wet years, in order to mitigate reduced supplies to Irrigation water service contractors in shortage years. So far, SCVWD has reallocated 100,000 acre-feet of water, and future reallocations will benefit all Irrigation water service contractors in the SL&DMWA.

We are aware that some CVP contractors are seeking to expand the portion of their contract supply that is eligible to receive the reliability provided by the Draft Policy. SCVWD supports the Bureau of Reclamation's commitment to holding the line on increasing impacts to Irrigation water service contractors. SCVWD has agreed that, even though its entire contract of 152,500 acre-feet may eventually convert to M&I use, only the portion projected in the 1996 M&I Rate Book (130,000 acre-feet) will receive the reliability provided by the Draft Policy. In addition to the concern of increasing Irrigation impacts, the equity of allowing contractors who have not historically shared the burden of M&I capital costs to step into a more reliable M&I supply without compensating those who did carry those costs should be examined. Any conversion process developed by the Bureau of Reclamation should, at a minimum, address both of these issues.

SCVWD has worked closely with the Bureau of Reclamation and other M&I and Irrigation contractors since 1994 to develop the Draft Policy. We appreciate the opportunity provided to all affected parties to address this issue, most notably through the "Garamendi process" in 1996. Most of the District's detailed comments on the Draft Policy are editorial (see Attachment). If you have any questions regarding these comments, please contact Mr. Tom Berliner at (415) 371 2222.

Sincerely,

Joan A. Maher

Imported Water Manager

Joan a. Maher

ATTACHMENT

Detailed Comments of the Santa Clara Valley Water District on the Central Valley Project Draft M&I Water Shortage Policy

- 1. In the introductory paragraph, we suggest changing the phrase "...water rights acquired following California law." to "...water rights acquired pursuant to California law." This change more accurately reflects the fact that Section 8 of the Reclamation Act of 1902 requires the Bureau of Reclamation to obtain water rights pursuant to state law. In California, the CVP holds its water rights pursuant to California law.
- 2. Definition of "historical use." In the third sentence of this definition, the phrase "adjustment of the historical use" should be followed by a comma.
- 3. The definitions "adjusted for growth" and "adjusted for extraordinary water conservation measures" should both be changed to read "adjustment for growth" and "adjustment for extraordinary water conservation measures." This change will make these definitions consistent with the definition "adjustment for non-CVP water" and with the introductory phrases of each of those definitions which use the term "adjustment".
- 4. In Term and Condition 1, in the third sentence, the word "of" should be deleted.
- 5. In Term and Condition2, in the first sentence, the phrase "unless M&I shortages to the contractor are addressed in another agreement with Reclamation" should be added after "M&I water shortage policy". The 1997 Water Reallocation Agreement established shortage conditions applicable to SCVWD's M&I supplies consistent with the Draft Policy, and these remain in effect whether or not SCVWD's water service contract references the Draft Policy.
 - In the second sentence, the word "contractor's" should be changed to "contractor", and following the "(a)", the first three words should be deleted ("have developed and"). The double periods at the end of the sentence should also be corrected.
- 6. Term and Condition 6 should be amended to read as follows: "due to limited water supplies, during these times, and subject to Term and Condition 7, M&I water allocation to contractors..."
- 7. Term and Condition 7 should be amended to insert the word "any" following the phrase "with relevant criteria used by" and before the phrase "similarly situated..."
- 8. Term and Condition 8 should be amended to read "...or water conservation plan (WCP) to Reclamation in lieu of a separate drought contingency plan..."